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SUBJECT: BURMA CONSULTATIONS WITH PRC

REF: A. BEIJING 16482
[1](#)B. BEIJING 17382
[1](#)C. RANGOON 179
[1](#)D. RANGOON 206

Classified By: Political Minister Counselor Daniel Shields. Reasons 1.
4 (b/d).

SUMMARY

[1](#)1. (C) The PRC recognizes that the situation in Burma is bad, agrees that the regime's isolationist behavior is growing and welcomes further discussion with the United States, but Beijing does not believe that Burma threatens regional security at present. After listening to a review of current U.S. Burma policy and the situation on the ground during a February 13 working lunch with a visiting DOS delegation, MFA Asian Affairs Deputy Director General Zhao Jianhua said that Beijing recognizes the problems but is concerned that a sudden move to democracy could lead to the disintegration of Burma, which would destabilize the region. The Burmese regime's main goal is to protect the military's interests in a future political structure. Zhao speculated that perhaps a new approach of pressure combined with engagement on a variety of issues like narcotics, health issues and political prisoners might lead to positive change. China does not support UNSC action at present but does support a continuing role for a USYG Special Envoy. China will tell PM Soe Win during his February 14-18 visit that China wants Burma to remain stable, focus on economic progress and move the national reconciliation process forward. End summary.

U.S. Policy

[1](#)2. (C) A USG team led by EAP/MLS Deputy Director Robert Rapson met with MFA Asia Department Deputy Director General Zhao Jianhua over lunch on February 13 to discuss Burma. Rapson said U.S. discussions with regional partners are designed ratchet up pressure on Burma and push the regime to engage in a real process for meaningful political reform. The unpopular, unpredictable and increasingly repressive Burmese regime is not offering a viable political process to move Burma in a positive direction and continues to mismanage relations with minority groups. The sudden and unannounced move of the capital to Pyinmana confirmed the regime's disregard for the international community while the deteriorating economic situation is leading to instability. The path forward for the regime is to engage in a meaningful, inclusive dialogue that leads to a political process that brings in all groups to democratize the country. The United States has been encouraging other countries publicly or at

least privately to carry similar messages emphasizing the need for credible and inclusive political reform.

¶3. (C) Reviewing recent developments on the ground in Burma, Embassy Rangoon Pol-Econ Chief Murphy said the "roadmap" is a sham, with hand-picked participants working on a pre-drafted constitution to come to a pre-determined conclusion that will keep the military junta in control of the country. There is no movement towards reconciliation, the regime's self-imposed isolation is increasing, repression of pro-democracy and ethnic groups continues and there are increasing restrictions on UN and NGO activities, including humanitarian and development aid. The economic situation is grim, with all socioeconomic indicators declining, inflation at 50 percent and the lack of any real economic choice for most of the population.

PRC: No Interference but No Illusions

¶4. (C) Referring to Beijing's commitment to the U.S.-China Senior Dialogue and its related sub-dialogues and recognizing that Burma is important to both the United States and China, Zhao welcomed "informal and frank" discussion, urging that the discussion not be made public. He said Beijing has a fundamental interest in a stable Burma. The PRC would like to see progress toward national reconciliation and economic development because a Burma that falls into chaos is in the interests of neither China nor the United States. Although the PRC policy of non-interference in the internal affairs of other nations limits China's role in Burma, Zhao said Beijing is "quite concerned" with the situation in Burma and would like to see progress on national reconciliation and movement

BEIJING 00002776 002 OF 005

towards democracy via a stable political process. Zhao said it is clear to China that the regime's transition process is not serious and that the real goal is to maintain a large military role in governing the country. Discounting the Burmese excuse that the pro-democracy parties voluntarily decided not to participate in the National Convention, Zhao said China recognizes that the parties are being excluded.

China Fears Chaos, Junta Keeps Country Stable

¶5. (C) Zhao said the PRC worries that if the junta left suddenly and Burma became democratic no one could be sure of the outcome, arguing that the military is the only force that can keep Burma stable. He claimed that movement towards democracy in other parts of the world has often been chaotic and sometimes produced governments that were no better or even worse than their predecessors. China wants progress on political reform and national reconciliation, but is also "extremely concerned" that pushing too hard could lead to chaos or even the disintegration of Burma. Such an outcome would destabilize the entire region and upset the regional balance of power. Noting that the number of Chinese companies investing Burma has been increasing in recent years and that China provides significant economic assistance, Zhao said Beijing also has economic interests at stake.

Burmese Military Protecting Own Interests

¶6. (C) Zhao said the Burmese regime faces a dilemma because on the one hand it wants to keep the status quo but on the other hand it faces national and international pressure to move to democracy and engage in national reconciliation. What is not clear to the generals is how their interests and the interests of the Burmese military will be protected. Zhao offered that the international community needs to realize the political realities in Burma. Although it is not necessarily in keeping with democratic principles, the international community and regional countries should think about how the military regime's interests will be protected,

because only under these circumstances will the regime be willing to move forward on real change in Burma.

One Stubborn Old Man Leading Burma

17. (C) Zhao said Burma is ruled by Senior General Than Shwe, a "stubborn old man" who is becoming even more stubborn and inflexible as he gets older. Than Shwe makes all major and many minor decisions. Not even the head of the Burmese Army General Maung Aye or Prime Minister Soe Win can question his decisions. Noting that the transition process has already begun, Zhao professed no insight into who will succeed Than Shwe, while stressing it is in the military's interest to have a smooth shift of power from Than Shwe to the next military leader. Zhao said the junta is preparing for the transition now and wants to create a political structure to ensure the military's dominant role in Burma before Than Shwe departs the scene. Zhao said former PM Khin Nyunt was a "less stubborn general" but that his pragmatic dialogue with ethnic groups, countries in the region and the international community, combined with power dynamics among the senior generals, led to his fall from power. Zhao commented that outsiders should avoid making overly positive comments about Burmese generals they may favor because this leads to scrutiny of those individuals by Than Shwe and hurts their position among their peers.

Pyinmana: Astrology, Monks and an Auspicious Name

18. (C) Zhao said China is in the dark regarding the move of the capital to Pyinmana, saying that some Burmese have said it is because of security concerns, with the regime feeling the central mountain area is more secure. Zhao said Chinese sources in Burma report that Than Shwe decided to move the capital because of auspicious astrological signs, the advice of two senior Buddhist monks and a phonetic reading of the name "Pyinmana" to mean "to stay in power forever." Zhao said the move, besides leaving the diplomatic community perplexed and the ASEAN community especially annoyed, has made many of Than Shwe's own officials very unhappy.

PRC Criticizes Burma for Ignoring Its People's Welfare

BEIJING 00002776 003 OF 005

19. (C) The Burmese regime is not paying attention to the welfare of its people, who are experiencing economic hardship, according to Zhao, who said China is sending a clear message that Burma needs to do more to promote economic development and create a positive environment for investment.

China encourages Burma to engage in economic reform that reflects the true economic situation and shows visiting Burmese officials the success of China's economic opening and reform. Zhao pointed out that China cannot direct the regime to take specific reforms, as Burma, remembering its colonization by Britain and Japan, is sensitive to outside interference and the intentions of its big neighbor. Agreeing with Murphy's assessment of the economic situation in Burma, Zhao commented that the Burmese regime's boast of good economic growth in recent years is based on the artificial official exchange rate. There is no mechanism for a real market economy, with most benefits flowing to military and government officials.

Ethnic Groups and the Border

10. (C) Although the central government has signed ceasefires with 17 ethnic groups, Zhao said that the ethnic groups want autonomy and maintenance of the status quo, affording them a degree of autonomy while the central government wants to "take them out" and achieve military dominance over the whole country. Since PM Khin Nyunt's

ouster in 2004, the government has been taking a harder line with the ethnic groups, which have been maintaining contact with the central government while at the same time making preparations and coordinating amongst themselves to ensure their survival.

¶11. (C) Commenting that Burma's central government controls only about 200 km of the 2000 km border between China and Burma, while five ethnic groups control the reminder, Zhao said Beijing is very concerned with border issues. Forced to unilaterally manage the border, the Chinese government is urging the Burmese regime to reach agreements with the ethnic groups in order take control of the border. Burma is concerned about the growth in the number of business deals and economic agreements entered into directly between the ethnic groups in Northern Burma and China's southern provinces. Zhao said China and Burma have agreed to settle their differences through coordination and dialogue.

Burma an ASEAN "Family" Issue

¶12. (C) Zhao said China cannot engage with ASEAN on Burma, calling this an ASEAN "family issue" and pointing out that China is not part of the family. However, China does discuss Burma bilaterally with ASEAN countries such as Laos, Cambodia and Malaysia. Zhao said China was told that the visit of Malaysian FM Syed Hamid Albar's ASEAN delegation was delayed because Burma was too busy moving the central government from Rangoon to Pyinmana. Zhao commented that Burma should be relying on ASEAN and making ASEAN feel comfortable and supportive, but China is puzzled that Burma is not doing this and is instead showing disregard for ASEAN.

Rapson said the USG is supportive of visits by FM Hamid and by Indonesian President Yudhoyono, and hoped that both would convey firm messages to the regime.

Fighting Narcotics

¶13. (C) Zhao said Burma's counternarcotics efforts are a bright spot, saying the PRC Ministry of Public Security has very good relations with the Burmese central government and has confiscated large sums of narcotics and arrested drug lords associated with Burma. China has invested RMB500 million (USD 62 million) in a 400,000 acre alternative crop program in northern Burma to give the indigenous farmers an alternative crop to poppies, with China guaranteeing a market for a portion of the crops. Responding to CNC Tom Wersto's comments on the U.S. concern with the expansion of the scope and type of Burma-produced narcotics in the region, Zhao assessed that the Burmese government is serious about fighting narcotics but is constrained by the lack of central government control in areas controlled by ethnic groups, especially the well-armed and well-trained Wa. Zhao noted that Burma thinks China can influence the Wa but in reality PRC influence with the Wa is very limited. In some cases local Burmese government officials collaborate with the drug traffickers and powerful and well-equipped international

BEIJING 00002776 004 OF 005

underground drug trade networks provide support to Burmese drug lords, according to Zhao. Nonetheless, Burma is making serious efforts and is cooperating with China and other countries. Combating the narcotics trade is a promising area for additional coordination and cooperation between the Burmese central government and the international community, concluded Zhao.

PRC Thoughts On Policy: Perhaps Pressure and Engagement?

¶14. (C) The senior Burmese generals are very sensitive to outside pressure, which they are feeling from all fronts and all countries, leading to an intensification of their self-imposed isolation and stubbornness, according to Zhao.

He said the international community must move away from isolating and pressuring Burma and towards a policy of dialogue and engagement that will produce a favorable regional and international environment if it wants real results. Suggesting that neither isolation nor engagement has worked to date to bring about change in Burma, Zhao speculated that perhaps a new mixed approach that relies not solely on pressure but also engages the Burmese government and provides some assistance to Burma would lead to results.

¶15. (C) Zhao suggested that ASSK's plight should not dominate the international community's engagement with Burma and it would be better to include counternarcotics, trafficking in persons, public health and infectious disease issues in the agenda. In response to this kind of engagement, perhaps the Burmese government would reconsider its positions and be less insular, although Zhao admitted that turning inward is the junta's tendency.

Not n Favor of UNSC Action, But Welcomes New Specia Envoy

¶16. (C) Zhao said China is not in favor of UNSC involvement on Burma because Burma does not pose a threat to regional security. It is hard to say how Burma would react to a UNSC resolution, though in response to the UNSC briefing the regime became more stubborn and isolationist. Responding to Rapson's point that the United States wants to see a new UNSYG Special Envoy granted access to Burma, Zhao said China is in favor of the assigning of a new Special Envoy. China had a good relationship with former Special Envoy Razali, engaging in frank discussions with him and passing messages between him and the Burmese leadership. Zhao offered that Burma did not like Razali because he is Malaysian and was rumored to have had private business activities in Burma.

U.S. Response

¶17. (C) Rapson stressed that the regime's current policies will not lead to political reform, stability and economic development. What is needed is a credible, meaningful, inclusive political process that brings in all domestic Burmese groups. Releasing political prisoners like Aung San Suu Kyi, granting access for UN representatives and lifting restrictions on UN agencies and NGO's providing humanitarian assistance are steps Burma could take to show the international community that it is serious about moving forward.

¶18. (C) Rapson stressed that release of ASSK and other political prisoners would remain an important element of the U.S. message to Burma. Bilateral and multilateral pressure on the regime is needed to present a strong and unified message of dissatisfaction with the situation in Burma. Rapson told Zhao that the United States will continue to work with key partners and countries in the region, like India, ASEAN, China, Japan and Korea, as well as the United Nations, including UNSC engagement to maintain and escalate the pressure on Burma. Murphy pointed out that dialogue with the international community has had benefits for Rangoon in the past. Zhao agreed and said the MFA had the PRC Embassy in Rangoon to analyze the rationale for Burma's isolationist policies. Zhao lamented that the Embassy's official government interlocutors are not able to speak freely, only parroting written talking points and guidance from the senior generals.

Burma Prime Minister Soe Win Visit to China

¶19. (C) Zhao provided some details of Prime Minister Soe Win

BEIJING 00002776 005 OF 005

February 14-18 visit to China (ref. c and d). During Soe Win's visit, which will include stops in the cities of

Beijing, Xi'an, Guangzhou and Shenzhen, China will tell him that China wants Burma to remain stable, focus on economic progress and move the national reconciliation process forward. Burma will raise its displeasure with the economic agreements and business deals being cut between Burmese ethnic groups on the border and China's southern provinces. China will urge PM Soe Win to reach agreement with the ethnic groups and to exert control over the border. Zhao said the lack of central government control leads to numerous misunderstandings and raises the anxiety of the Burmese military government regarding China's activities and intentions, but expects this "long standing and not so serious" issue to be solved by bilateral, friendly and cooperative dialogue. Burma's other concern is the illegal logging in Burma's northern forests by Chinese interests, cited by a Global Witness report. Zhao said China is investigating this seriously and will discuss the conclusions of the investigation with Burma. Responding to a question, Zhao said avian influenza would be touched on in leadership meetings, but will mostly be left to the Ministry of Public Health and Ministry Agriculture to work with Burmese counterparts. Rapson expressed appreciation for this overview of the PM's visit and asked that the Embassy be given a readout afterwards.

120. (C) Participants:

U.S. PARTICIPANTS

- EAP/MLS Deputy Director Rob Rapson
- Embassy Rangoon Pol-Econ Chief Patrick Murphy
- INR Analyst Andrew Vincent
- CNC Thomas Wersto
- Political Minister Counselor
- POL External Unit Chief
- Poloff

CHINESE PARTICIPANTS

- MFA Asian Affairs Deputy Director General Zhao Jianhua
- MFA Division Director for Burma, Cambodia, Laos and Vietnam
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- MFA Burma Desk Officer Liang Jianjun

121. (U) EAP/MLS Deputy Director Rapson cleared this message.
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